



Bob Holden
Governor

DIVISION OF WORKFORCE DEVELOPMENT

Joseph L. Driskill
Director

April 19, 2002

DWD ISSUANCE 18-01

Subject: Workforce Investment Act Reobligation/Deobligation Policy

1. Purpose: To provide policy on Workforce Investment Act Reobligation/Deobligation for Local Areas

The Workforce Investment Act provides for de-obligation of funds from local Workforce Investment Areas based upon failure to meet minimum obligation requirements specified in the Act and regulations. The Missouri Training and Employment Council policy which prohibits Workforce Investment Boards (WIB) from operating programs means all the areas by complying with the policy will be virtually fully obligated regardless of their expenditure pattern. The Congress and the US Department of Labor (USDOL) utilized a minimum expenditure requirement of 85% on Dislocated Worker Program as the basis for rescinding Dislocated Worker funds this year and has incorporated projections of unexpended funds into the computation of funding in the President's FY '03 Budget proposal. For these reasons the State feels it is necessary to impose an expenditure requirement on the Local Workforce Investment Areas as a method to ensure that the maximum available funding is provided for Missouri's citizens'.

2. Substance: Each Local Workforce Investment Board for their Title I Adult, Youth, and Local Administration formula funds must expend all funds from any prior year plus at least 80% of their current year allocation by June 30 of each year (September 30, 2002 for PY'01 funds). The Local Workforce Investment Board for their Title I Dislocated Worker formula funds must expend all funds from any prior year plus at least 85% of their current year allocation by June 30 of each year (September 30, 2002 for PY'01 funds). Allocation refers to the local area original formula allocation adjusted as appropriate by transfers between programs that have been approved in the local Workforce Investment Area Plan. The higher expenditure requirement for the Dislocated Worker program reflects the rate

USDOL used in their analysis plus it reflects that the State is providing Rapid Response funds to each area for Training which DWD Issuance 18-01 should allow them to attain a higher overall expenditure rate. These rates are the historical expenditure levels required in Employment & Training programs prior to WIA.

Those WIBs who fail to meet the minimum expenditure levels would have the amount below the minimum expenditure level de-obligated from them. The areas that met or exceeded both their performance numbers and minimum expenditure levels in the prior year would be eligible to receive a portion of these funds. The performance evaluation for the purposes of re-obligation of these funds only shall be based on the fourth quarter performance data, so that the funds are available in a timely manner. The annual performance for all other purposes including the sanction policy shall continue to be based on the final data included in the annual report. If the total amount de-obligated was more than \$ 200,000 per program, the state would reallocate by a formula based on their prior year expenditures. If the amount de-obligated was less than \$ 200,000 per program, the state would have the discretion to make awards to the highest performing areas. This would prevent the policy forcing the state to make insignificant awards that do not justify the additional work required to accept the funds. A maximum re-obligation of 30% of an area's current year allocation will be applied to ensure that areas receiving additional funds can be expected to expend them during that year. All the substate allocated funds must be allocated to some region so, if the maximum 30% re-obligation would cause any funds to remain unobligated, then the amount to be de-obligated will be reduced proportionally until it equals the amount to be re-obligated.

3. Action: This information should be distributed to appropriate staff.
4. Contact: If you have any questions, contact Steve Kraus at (573) 751-7797 or my office at (573) 751-3349.

Rick Beasley, Acting Director

RB/RB/dp

c: DWD Admin Group
DWD Central Office Managers
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WIB Contacts